

Some Recent Cases of Shareholder Activism in Japan

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I. INTRODUCTION

Over the past few years, we have witnessed how activism, which was once a relatively foreign concept in Japanese boardrooms, has taken root and evolved into a powerful force, reshaping how companies respond to their shareholders and how management teams make strategic decisions. In this paper, we'll explore some recent, real cases that illustrate the current climate.

II. JAPAN'S GLOBAL POSITION IN SHAREHOLDER ACTIVISM

I. Overview of Activism in Japan

To begin with, I would like to illustrate Japan's current position on the global stage.

Japan now ranks second in the world for shareholder activism, accounting for about 11% by number of cases and 10% by number of target companies of all activism cases globally, next to the U.S., which accounts for

* The links given were last checked on 18 July 2025.

64% and 61% respectively (see Figure 1). Global activists active in Japan include players from the U.S. (e.g., Dalton Investments), the UK (e.g., Silchester International Investors), Hong Kong (e.g., Oasis Management Company) and Singapore (e.g., 3D Investment Partners). In addition, domestic activists, most of them originating from the former Murakami Fund, have also actively invested (see Figure 2).

Figure 1: Japan Ranks 2nd Globally in Activism¹

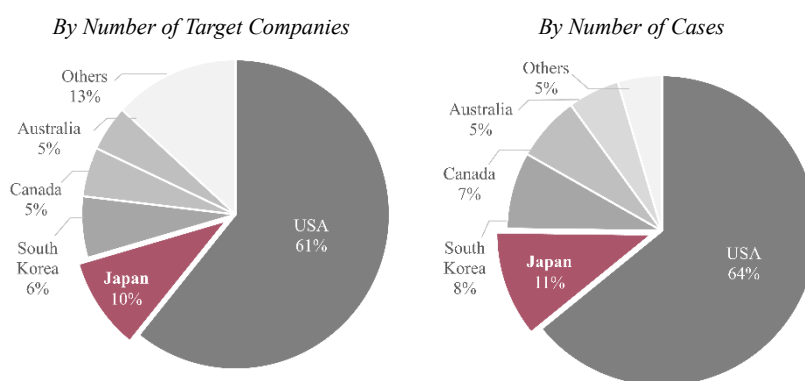


Figure 2: Major Activists in Japan²

Activists	Country	Invested Companies (holding)	Invested Companies (exited)	Average Holding Period (Year)	Stock Price Increase during Holding
Oasis Management Company	Hong Kong	29	1	2.14	78.09%
Silchester International Investors	UK	38	6	4.29	54.11%
Dalton Investments	USA	6	12	5.40	28.76%
Brandes Investment Partners	USA	1	0	14.90	–
ValueAct Capital	USA	2	0	2.41	36.62%
Taiyo Pacific Partners	USA	1	0	8.10	2.81%

1 Created from data on page 22 of the Shōji Hōmu No. 2372.

2 <https://www.thecode-online.com/activists>. fMF = former Murakami Fund.

Activists	Country	Invested Companies (holding)	Invested Companies (exited)	Average Holding Period (Year)	Stock Price Increase during Holding
レノ	Japan (fMF)	4	1	3.72	23.88%
C&I ホールディングス	Japan (fMF)	1	0	8.12	127.98%
Office Support	Japan	4	0	6.39	9.60%
シティインデック スイレブンス	Japan (fMF)	18	7	1.74	29.22%
南青山不動産	Japan (fMF)	10	0	1.29	4.00%
エスグラントコー ポレーション	Japan (fMF)	11	0	2.07	5.07%
ストラテジックキ ャピタル	Japan (fMF)	17	3	3.73	304.81%
Effissimo Capital Management	Singapore (fMF)	25	2	5.56	203.75%
Asset Value Investors	UK	12	1	2.49	17.10%
Elliott Management	USA	–	–	–	-46.25%
Fir Tree Partners	USA	–	–	–	-44.45%
ひびき・パース・ アドバイザーズ	Singapore	3	0	4.15	17.98%
3D Investment Partners	Singapore	7	2	2.70	16.03%
LIM Advisors	Hong Kong	3	0	2.74	–
RMB キャピタル	USA	5	1	4.87	-21.72%
King Street Capital Management	USA	–	–	–	890.04%
Steel Partners	USA	1	0	17.02	–
アルファレオホー ルディングス	Japan	0	1	3.80	89.83%
Marathon Asset Management	USA/UK/ Japan	1	0	5.02	36.04%
Symphony Financial Partners	Singapore/ Japan	16	1	5.07	58.38%
Usonian Investments	USA	–	–	–	-22.90%
Cornwall Capital	USA	1	1	4.21	472.07%
MFS Investment Management	USA/UK/ Japan	23	4	3.79	14.06%
Artisan Partners	USA	7	2	2.46	-23.34%
タワー投資顧問	Japan	3	12	0.95	5.08%

2. *Driving Forces of Activism in Japan*

The drivers fueling this trend lie in a convergence of legal and corporate governance reform, economic opportunity, and increased powers of institutional investors and proxy advisers in Japan.

The introduction of the Corporate Governance Code in 2015 and the Stewardship Code in 2014 prompted dialogue between corporations and shareholders, unraveled the cross-shareholding once so common in Japan, and resulted in the abolishment of anti-takeover measures. Separately, in 2023, the Ministry of Economy, Trade and Industry (METI) published the “Guidelines for Corporate Takeovers”, which opened the door to a wave of unsolicited takeovers in Japan.

At the same time, activists have identified a unique characteristic of Japanese markets: Many companies are significantly undervalued relative to their intrinsic worth. Japan has a large proportion of publicly listed firms trading below book value. In fact, as many as 45% of TSE Prime companies have a price-to-book ratio (PBR) lower than 1.0. This compares with 3% in the U.S. (U.S. S&P 500) and 17% in Europe (Stocks 600)³. This caused global players like Elliott Management, 3D Investment Partners, Dalton Investment, and Oasis Management Company turn their eyes toward Japan. They see a market full of latent value, often tied up in underutilized assets or listed subsidiaries. In 2023, the Tokyo Stock Exchange (TSE) demanded improvements from those companies whose PBR was lower than 1.0 and now requires more disclosure on listed subsidiaries. Such pressure from TSE has made activism easier. Generally low stock prices and a weak Japanese yen are also attractive to global players.

Finally, the power of institutional investors and proxy advisers has increased, and they have sometimes supported activists’ proposals.

Due to these driving forces of activism, there’s the rise of M&A activity, both driven by activists and responding to their influence. First, activists are pushing for takeovers, especially of companies that are perceived as undervalued or inefficiently managed. Sometimes these takeovers are direct; sometimes they take the form of acquiring a significant stake and lobbying for change. Second, we’re seeing a growing number of going-private transactions, where companies delist from the public markets as a strategic move to avoid future challenges from activists and realign control with management and friendly investors. Further, due to activist pressure or to insulate activists, companies try to increase the corporate value by restructuring or monetizing assets through M&A activities.

3 “PBR (株価純資産倍率) 1 倍割れ、米欧では少数”, Nikkei Newspaper (electronic version), 23 February 2025, <https://www.nikkei.com/article/DGKKZO86923300S5A220C2EA2000/>.

III. CASE STUDY 1: GOING PRIVATE DRIVEN BY ACTIVIST—FUJI SOFT

1. *Facts of the Case*

The first detailed case study is Fuji Soft. Fuji Soft, a technology company, also held a significant amount of non-core real-estate assets that weren't being fully utilized or monetized.

3D Investment Partners saw this and, acquiring 21.45% of the shares and becoming the largest shareholder, proposed a change of management and the sale of the company's real-estate assets.

In July 2023, Fuji Soft commenced a bidding process towards going private. On 14 June 2024, KKR submitted a binding offer at the proposed tender offer price of 8,800 yen. Soon, on 26 July, Bain Capital submitted a non-binding offer at the higher proposed tender offer price of 9,250 yen.

On 8 August 2024, KKR announced a tender offer plan disclosing that it had entered into a tender agreement with 3D Investment Partners. Fuji Soft's board resolved to support KKR's tender offer and recommended tendering to its shareholders. In response, Bain Capital on 3 September announced a preliminary tender offer plan subject to the support of Fuji Soft's board. The next day, KKR officially initiated a tender offer at a price of 8,800 yen. Bain Capital responded by announcing a tender offer plan at the price of 9,450 yen. The family that founded Fuji Soft, which owned 18.5% of the company, expressed support for Bain Capital while Fuji Soft's board maintained its support for KKR. On 15 November, KKR, after acquiring 35.11% through the tender offer, commenced a second tender offer at the price of 9,451 yen, beating Bain Capital's offer; but then, on 13 December, Bain Capital increased its planned tender offer price to 9,600 yen. On 4 February 2025, KKR went even higher, to 9,850 yen, overtopping Bain Capital's offer.

On 17 February, Bain Capital announced its decision not to proceed with a tender offer, and KKR's second tender offer successfully closed, acquiring 57.92% in total.

2. *Key Takeaways*

This case is emblematic of how activists are targeting firms with hidden value—particularly in real estate.

It is reported that listed companies in Japan have unrealized gains of 22 trillion yen in the aggregate tied up in real estate assets, so similar case may follow. So far, other examples of activists demanding the sale of real estate assets have included Fuji Media Holding (held by Dalton Investments), Sapporo Holdings (held by 3D Investment Partners), Tokyo Gas (held by Elliott Management), and Seibu Holdings (held by 3D Investment Partners).

Also notable in this case is the public reaction of Fuji Soft's founder. He welcomed Bain Capital as a so-called white knight, indicating a closer position to the company and its management team and voiced his discomfort with what he called "the logic of capital"—the idea that shareholder returns should outweigh all other considerations. It also shows the delicate negotiations between management, investors, and PE sponsors.

IV. CASE STUDY 2: TAKEOVER BY ACTIVIST—SUN ELECTRONICS

1. *Facts*

The second case study involves Sun Electronics, a Japanese electronics firm that held a significant equity stake in Cellebrite, a U.S.-listed tech company, as an affiliated company accounted for by the equity method. The market capitalization of Sun Electronics was 88.5 billion yen while that of Cellebrite was 155.8 billion yen; thus, the market did not reflect the value embedded in Sun Electronics' stock price, creating a valuation gap.

Activist investor TWC saw an opportunity. In mid-2024, TWC launched an unsolicited tender offer. TWC argued that Sun's market capitalization did not reflect the value of Cellebrite, and that, as a strategic investor in Cellebrite who understood its business and had a right to designate a director of Cellebrite, TWC could improve the corporate value of Sun Electronics.

The board of Sun Electronics adopted a neutral position. They didn't support the tender offer, but they didn't oppose it either. As the result of the tender offer, TWC acquired 19.01% of Sun Electronics shares.

2. *Key Takeaways*

This case highlights how activists use listed subsidiaries or affiliates as a wedge to build their case for intervention. In Japan, as of 2022, approximately 260 companies have listed subsidiaries and approximately 960 companies have listed affiliates, so similar cases may follow.

V. CASE STUDY 3: TAKEOVER BY ACTIVIST—TOHOKUSHINSHA FILM CORPORATION

1. *Facts*

Our third case study is Tohokushinsha Film Corporation (TFC). In this instance, 3D Investment Partners (3D), which already held 17.65% of the company's shares, proposed a going private transaction. TFC responded by refusing to engage unless the activist signs a very strict non-disclosure

agreement (an NDA). The terms of this NDA, proposed by TFC, was in many aspects far off-market in favor of TFC, such that

- (i) only 3D is obligated to maintain confidentiality;
- (ii) the representative of 3D is personally liable for damages;
- (iii) if TFC notified 3D of its breach of confidentiality obligation, unless 3D can muster sufficient evidence to prove that it had not breached its confidentiality obligation, 3D is liable for damages;
- (iv) whether or not 3D could prove it did not breach its confidentiality obligation was to be determined by TFC, not by a court or any other body that ensures fair and equitable procedures;
- (v) In case of breach of confidentiality obligation by 3D, 3D is liable for a penalty of 1 billion yen in addition to actual damages; and
- (vi) 3D's confidentiality obligation is indefinite.

Ultimately, the activist walked away and then made the NDA markup public, clearly to criticize TFC's unique resistance strategy.

2. *Key Takeaways*

In the eyes of the board, this case raises a question: What kind of NDA is it appropriate for the company to propose when it receives an acquisition offer, and is it adequate to refuse due diligence by not cooperating on the NDA?

On the other hand, from the eyes of activists, this case highlights some disadvantages of unsolicited takeovers. First, the acquiror cannot conduct sufficient due diligence in this kind of contested situation. Second, without the cooperation of the company, it is difficult to prepare regulatory filings such as antitrust filings and foreign direct investment filings.

Takeovers by activists themselves are not very frequent. But there have been other recent examples in addition to Sun Electronics and TFC. First, in January 2020, Citi Index Elevens launched a tender offer against Toshiba Machinery to acquire up to 43% of its shares. Toshiba Machinery opposed the effort and introduced an anti-takeover measure at an extraordinary shareholders meeting, leading to Citi Index Elevens' withdrawal of its tender offer. Second, in May 2022, Yamauchi Number 10 Family Office (FYO) proposed to launch a tender offer against Toyo Construction. Since Toyo Construction objected, FYO tried to replace its directors in a proxy fight, securing seven seats in June 2023 versus the six seats the company won. However, FYO ultimately withdrew its tender offer proposal in face of opposition by the new board in December 2023.

These cases show how complex and drawn-out activist strategies can become in Japan and how companies are becoming increasingly sophisticated in defending themselves.

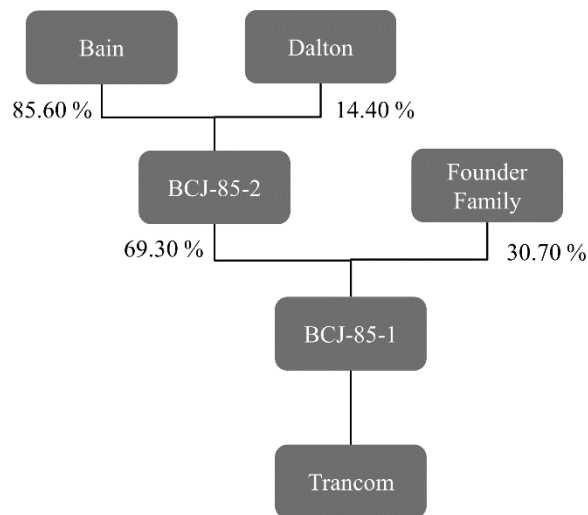
VI. CASE STUDY 4: DEFENSIVE GOING PRIVATE—TRANCOM

1. Facts

The fourth case involves Trancom, a logistics firm. In early 2024, Trancom faced operational stress due to labor regulation changes; specifically, stricter overtime limits for truck drivers had gone into effect. At the same time, Dalton Investments was gradually increasing its holdings in the company's stock to 18.09%.

Rather than waiting for a proxy fight, Trancom acted first, entering into a management buyout transaction sponsored by Bain Capital, with reinvestment from the founding family and even by Dalton Investments (see Figure 3 for the post-closing shareholding).

Figure 3: Going Private to Fend Off Activists—Trancom



This case seems a win-win strategy for both the company and the activist: The company was delisted from the public market, reducing the pressure from activists, while Bain Capital's control structure ensured governance stability and Dalton Investments' influence became clearly limited because Dalton Investments could appoint one director only to Bain Capital's intermediate holding company (BCJ-85-2) but not to Trancom itself. But the Dalton Investments on the other hand could benefit both from the premium of the tender offer and from potential future upside from the re-investment as a further sweetener.

2. Key Takeaways

This case shows how Japanese companies recently have used private equity firms as white knights to insulate themselves from activists. Another example is Toshiba's going private, sponsored by JIP in March 2023. The following press release by Toshiba summarizes how it decided to go private:

“The current situation of multiple major shareholders with different views, repeated changes in management and major changes in management policy, and a series of turmoil surrounding the management of the Company are widely recognized by society.

The risk of the continuation of the current unstable management base is greater than the impact of going private.

It will alleviate the anxiety felt by employees about the direction of the Company.”

VII. CONCLUSION

Cases of activism in Japan are no longer the outlier but instead are becoming part of the norm, with diverse patterns emerging. Meanwhile, Japanese boards are learning to navigate this space with new tools, from partnering with white knights to enacting anti-takeover measures.

SUMMARY

Japan now ranks second globally in terms of shareholder activism. Recent legal and corporate governance reform, the existence of persistently undervalued companies—characterized by a low price-to-book ratio (PBR) and caused by a weak yen—and the rising influence of institutional investors as well as proxy advisers have catalyzed both global and domestic activists.

In this paper, four case studies illustrate how recent activities shape and influence mergers and acquisitions in Japan, providing examples of: (i) extracting hidden value of real estate value (Fuji Soft), (ii) extracting hidden value of listed subsidiaries or affiliates (Sun Electronics), (iii) responding to diligence and filing hurdles in unsolicited approaches (Tohokushinsha/3D), and (iv) private equity sponsoring as a means of fending off activists (Trancom).

Cases of shareholder activism in Japan are no longer the outlier and are instead becoming part of the norm, with diverse patterns emerging. Japanese boards are learning to navigate this space with new tools, from partnering with white knights to adopting anti-takeover measures.